



MEMORANDUM

TO: Toby Futrell, City Manager

FROM: Greg Canally, Budget Officer *gdc*

DATE: May 12, 2005

SUBJECT: City of Austin Employee Retirement System

Item # 45 on the May 12, 2005 Council Agenda is to approve a resolution establishing a supplemental funding plan for the City of Austin Employee Retirement System. If approved by Council and if ERS' market returns do not improve sufficiently, the estimated effect in future years (beginning in fiscal year 2007, at the earliest) will be to increase General Fund costs by approximately \$1.2 million each year up to a total annual General Fund subsidy of approximately \$5.3 million, again only if market conditions require. This subsidy would be delayed or reduced as offset by ERS market returns and would be considered a one-time cost subject to annual Council appropriation. The City's enterprise funds collectively would have increased costs of approximately \$2.2 million annually under the same conditions. This item will have no immediate fiscal impact. A budget amendment is not required.